#### TEXAS DEPARTMENT OF MOTOR VEHICLES

#### BOARD MEETING

9:00 a.m. Thursday, January 12, 2012

Room 1.B1
Building 150
200 East Riverside Drive
Austin, Texas 78704

## BOARD MEMBERS:

Victor Vandergriff, Chair Laura Ryan, Vice Chair Blake Ingram Cheryl E. Johnson Raymond Palacios Victor Rodriguez Marvin Rush Johnny Walker

## STAFF MEMBERS:

Linda M. Flores, Interim Executive Director Brett Bray, General Counsel

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## PROCEEDINGS

MR. VANDERGRIFF: Good morning. My name is Victor Vandergriff and I'm pleased to welcome you here today to the meeting of the Board of the Department of Motor Vehicles. I'm now calling the meeting for January 12, 2012 of the Board of the Texas Department of Motor Vehicles to order, and I want to note for the record that public notice of this meeting, containing all items on the agenda, was filed with the Office of Secretary of State on December 30, 2011.

Before we begin today's meeting, please place all cell phones and other communication devices in the silent mode.

And if you wish to address the board during today's meeting, please complete a speaker's card at the registration table in the back of the room. To comment on an agenda item, please complete a yellow card and identify the agenda item; if it is not an agenda item, we'll take your comments during the public comment portion of the meeting.

And now I'd like to have a roll call, please, of the board members. Board Member Ingram?

MR. INGRAM: Present.

MR. VANDERGRIFF: Board Member Palacios?

MR. PALACIOS: Present.

1	MR. VANDERGRIFF: Board Member Rodriguez?
2	MR. RODRIGUEZ: Present.
3	MR. VANDERGRIFF: Vice Chair Ryan?
4	MS. RYAN: Present.
5	MR. VANDERGRIFF: Board Member Walker?
6	MR. WALKER: Present.
7	MR. VANDERGRIFF: And let the record reflect
8	that I, Victor Vandergriff, am here too. We do have a
9	quorum.
10	Board Members Rush and Johnson are absent today
11	and we are still waiting on an appointment for Board
12	Member Butler's position.
13	With that, we do have the public comment
14	portion and we have one person here wishing to speak, but
15	I'm going to reserve that since it's going to be about the
16	agenda item that is listed as 4.B, so we're going to leave
17	that to 4.B, if that's okay with the speaker. All right.
18	Thank you.
19	With that, I'd like to move to the consent
20	agenda. Mr. Harbeson.
21	MR. RODRIGUEZ: Are you going to open up or are
22	you ready for the question?
23	MR. HARBESON: May I proceed?
24	MR. VANDERGRIFF: Please.
25	MR. HARBESON: Good morning. My name is Bill

1 Harbeson. I'm the director of the Enforcement Division of 2. the department. On today's consent agenda there are 47 agreed 3 4 orders, 12 notice of violation citations, 18 motions for dismissal, three Lemon Law settlement orders, and five 5 6 franchise dismissal orders. We've previously presented 7 these to the board in your binders and we're asking for 8 approval of these orders. 9 MR. WALKER: So move that we accept. MR. RODRIGUEZ: Second. 10 MR. VANDERGRIFF: A motion from Mr. Walker and 11 12 a second from Chief Rodriguez. 13 MR. RODRIGUEZ: Yes, sir. Just for clarity, 14 agreed orders are items 1 through 47, agreed orders B.1 15 through 12, dismissal orders 1 through 18 under C, dismissal orders D.1 through 3, and dismissal orders E.1 16 17 through 5, and I second the motion, Mr. Chairman. 18 MR. VANDERGRIFF: I don't see any indication of any discussion. Please raise your right hand in support 19 20 of the motion. (A show of hands.) 21 MR. VANDERGRIFF: The motion carries 22 23 unanimously. 24 Thank you, Mr. Harbeson.

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Our next item up is item 3.A which is a

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1	warranty performance proposal, Brian Dunagan v. Nissan
2	North America, Inc.
3	MR. GLADNEY: Good morning. My name is Mark
4	Gladney. I'm Lemon Law manager, for the record. I'm here
5	to present for your consideration Dunagan v. Nissan.
6	Neither of the parties are present.
7	In this particular case a hearing was held by
8	SOAH on 9/23/11 regarding a complaint by the complainant
9	of a defective braking system during the warranty period.
10	There was approximately four repairs of the braking
11	system. At the hearing the record evidence showed that the
12	condition arose not from a defective braking system but
13	rather from the driving habits of the complainant. The
14	ALJ found that there was no violation of Occupations Code
15	2301.204, and recommended dismissal of the case.
16	Staff, having reviewed the PFD and the
17	attendant evidence in the case concurs and recommends that
18	the board sign the proposed order of dismissal.
19	MR. RODRIGUEZ: So moved, Mr. Chair.
20	MR. VANDERGRIFF: A motion from Board Member
21	Rodriguez. Do we have a second?
22	MS. RYAN: Second.
23	MR. VANDERGRIFF: Second from Vice Chair
24	Johnson.
25	MS. RYAN: Ryan.

1 MR. VANDERGRIFF: Vice Chair Ryan. Force of habit. 2 MS. RYAN: I can be whoever you want me to be. 3 4 (General laughter.) MR. VANDERGRIFF: I see no indication of any 5 discussion. I'm not sure I can talk for a second. 6 With 7 that, would you please raise your right hand in support of the motion? 8 9 (A show of hands.) MR. VANDERGRIFF: Passes unanimously. 10 11 you. Mr. Harbeson, you're back up on item 3.C. 12 MR. HARBESON: Again, I'm Bill Harbeson, 13 director of the Enforcement Division. 14 Before the board today are six cases where 15 there was a default at the SOAH level and before you are 16 17 the motions for disposition because of those defaults. 18 Staff today is asking for you to vote to approve number 1 and number 3 through 6. Number 2, the party contacted the 19 20 staff and we've reached a settlement with that party, so we're withdrawing that from your consideration or asking 21 that you not vote on that one. So again, we're asking for 22 23 a vote on item number 1 and items 3 through 6. 24 MR. RODRIGUEZ: So moved, Mr. Chairman, B.1 and

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B.3 through B.6, move we approve.

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1	MR. VANDERGRIFF: We have a motion. Do we have
2	a second?
3	MR. INGRAM: Second.
4	MR. VANDERGRIFF: Second from Mr. Ingram.
5	MR. WALKER: What are we doing on 2, why are we
6	excluding 2?
7	MR. INGRAM: Two I think was settled.
8	And the first one doesn't have a 1,
9	necessarily, it just says B, so it's 1 through 6 but not
10	including 2.
11	MR. RODRIGUEZ: Excluding 2, that's correct.
12	MR. INGRAM: The first one threw me off, it
13	doesn't have a one.
14	MR. VANDERGRIFF: Okay. We have a motion and a
15	second. Any discussion?
16	(No response.)
17	MR. VANDERGRIFF: Seeing none, please raise
18	your right hand in support of the motion.
19	(A show of hands.)
20	MR. VANDERGRIFF: The motion carries
21	unanimously of those present.
22	Our next item up is the adoption of rules under
23	Title 43. Mr. Harbeson.
24	MR. HARBESON: Yes, sir.
25	House Bill 2357, among other things, provided

1 for the first time for administrative penalty for the agency to have a tool in disciplining salvage dealers. 2 Prior to this time, the only available remedies were to 3 4 revoke or suspend the license. So with that piece of legislation in the last session, staff moved forward to 5 6 prepare rules that incorporate the penalty provision and 7 also did several other housekeeping items such as providing for more notice to the party when we're taking 8 such a case, it deleted references to Chapter 2 of 6 of 9 the Administrative Code, and it provided that the 10 department, not necessarily the director, would issue the 11 notice of the intention to take such an action. 12 After the publication of the rule, comments 13 were received from one party and that was from the Texas 14 15

Automotive Recyclers Association which supported the passage of the rule. Staff is requesting that you adopt the rule.

MR. RODRIGUEZ: Just a question, Mr. Chairman. One comment, that's all we received?

MR. HARBESON: Yes, sir.

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MR. RODRIGUEZ: And it's favorable?

MR. HARBESON: That was in favor, yes, sir.

MR. RODRIGUEZ: Move we approve, Mr. Chairman.

MR. VANDERGRIFF: We have a motion. Do we have a second?

MR. WALKER: I'll second. 1 MR. VANDERGRIFF: Second from Board Member 2 Walker. Seeing no indication of any discussion, please 3 4 raise your right hand in support of the motion. (A show of hands.) 5 MR. VANDERGRIFF: The motion carries 6 7 unanimously. The next item is 3.D on the agenda which is a 8 9 proposal for rules regarding Oversize and Overweight Vehicles and Loads. 10 MR. RODRIGUEZ: This is from the 11 Oversize/Overweight Committee, Mr. Chairman? 12 13 MR. VANDERGRIFF: I was waiting for that. 14 (General talking and laughter.) MS. AUCOIN: For the record, my name is Aline 15 Aucoin. I'm one of the assistant general counsels for the 16 17 DMV. Senate Bill 1420 passed this last session and 18 that was the bill that transferred the Oversize/Overweight 19 20 permitting and enforcement from TxDOT to the Department of Motor Vehicles, and now what we're doing is requesting the 21 22 board to authorize this to just administratively transfer the TxDOT rules that deal with Oversize/Overweight 23 24 permitting and enforcement, to just move those rules from

TxDOT to the DMV part of the Administrative Code. It's a

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1 quick and easy process, the Secretary of State has authorized us to do this, and according to the Secretary 2. of State, the rules will actually be effective on January 3 4 1 of 2012, the date the transfer occurred under the 5 statute. So once the transfer occurs, if the board 6 7 authorizes this transfer, the next step will be to amend the rules to customize them to fit DMV and to be 8 9 consistent with the statutes. MR. RODRIGUEZ: Mr. Chairman, this is a posting 10 at this time only. Regardless of posting, they're 11 12

effective anyway.

MS. AUCOIN: Yes, sir. Because it's just an administrative transfer, there won't be comments or anything like that.

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MR. INGRAM: So it's not really a posting, it's just an authorization to transfer.

MS. AUCOIN: It's an authorization to transfer but the actual transfer and notice will be posted in the Texas Register and there will be a conversion chart telling the public this is where the TxDOT rule was, it's moving to DMV and this is what the numbers are going to be.

> MR. INGRAM: But no comment period on them.

MS. AUCOIN: No comment period.

1	MR. VANDERGRIFF: Because it's effective.
2	MS. AUCOIN: And it's because it's not a
3	substantive change, it's just an administrative transfer
4	of the rules.
5	MR. VANDERGRIFF: And as you pointed out,
6	you'll be subsequently conforming them to match with the
7	language of the DMV moving forward.
8	MS. AUCOIN: Yes, sir.
9	MR. VANDERGRIFF: Where it refers to the
10	Department of Transportation, it will be changed to refer
11	to the Department of Motor Vehicles, for example.
12	MS. AUCOIN: Right. And there will also be
13	some substantive changes to be consistent with the
14	statutes.
15	MR. VANDERGRIFF: And that will be published,
16	posted and a comment period allowed.
17	MS. AUCOIN: Absolutely.
18	MR. WALKER: But back to Victor, this is not a
19	posting, is it?
20	MS. AUCOIN: It's a posting in the sense that
21	there will be a posting in the Texas Register telling the
22	public that it has been done.
23	MR. WALKER: That it has been done. Not for
24	comments, though.
25	MS. AUCOIN: No comments.

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1 MR. VANDERGRIFF: Basically the same rules apply. 2 MR. WALKER: Right. 3 4 MR. RODRIGUEZ: Just maybe saying this a little bit clearer for counsel, it's basically a notice of 5 6 posting a chapter as opposed to the language of rules. 7 I don't know how to parse that. MR. BRAY: What is being posted are the rules but in terms of a 8 9 notification of the fact that they're now at this agency from the prior agency and where to find them. 10 MS. AUCOIN: Right. Previously at TxDOT they 11 were in Chapter 28 and there was different sections that 12 were numbered 28.1 and all 28. We're telling the public 13 14 they're now going to be in 219, a new chapter for DMV. 15 MR. BRAY: The only thing I would add is in response to your question about subsequent working to 16 17 modify them to conform, Aline has been on that for some 18 time so you can expect to see that work product soon. MR. WALKER: I move that we transfer the rules 19 20 as proposed by Aline. 21 MR. VANDERGRIFF: We have a motion to approve. 22 Do we have a second? 23 MR. RODRIGUEZ: Second. 24 MR. VANDERGRIFF: Second from Board Member 25 Rodriguez. All those in favor please raise your right

hand in support.

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(A show of hands.)

MR. VANDERGRIFF: The motion carries unanimously of those present. Thank you very much.

The next item is 4.A which is a briefing on the request for information and the timeline on the automation project.

MS. HEIKKILA: Good morning, Mr. Chairman, members. My name is Dawn Heikkila. I'm the chief operating officer for the Texas Department of Motor Vehicles.

All I have for you today is just an update. The agency has been working on a request for information in regards to the automation project. This request for information identifies the 19 improvement initiatives that were identified in the business process analysis, along with a series of questions that will be submitted to the vendor community to help them inform our procurement efforts as we move the automation project forward.

The final draft is going through looking for typos and formatting and that type of thing. The request for information will be released or solicited to the vendor community tomorrow, on Friday. We'll give them 30 days to get their responses and information back.

We're also working with Gartner on the project

timeline and the order of operation for addressing the items that they're going to be performing under their current engagement: the alternatives analysis, the sourcing strategy, establishing and transitioning the governance process, as well as helping us identify a future state architecture and putting together our procurement efforts. So we're looking at that.

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Linda and I have had one meeting with them and we're asking them to consider maybe a different approach in how they attack these things and the order of the initiatives that they're looking at. We want to make sure that we're responsive to what we've said we would do in terms of the legislature's expectations, the LBB's expectations, and what we really need to review moving forward in terms of technology to support our new business processes.

MS. RYAN: I have a question. When can we expect a timeline and how will we be kept up to date on the milestones and progress?

MS. HEIKKILA: We have a standing meeting on Wednesday mornings with the project manager for Gartner and I, anybody else, any of the division directors that care to participate. We've also decided, Linda actually took the lead on this, we'll be posting signs of those meetings that will be kind of going over those meetings as

to what's been done, what's going to be done, and how we're meeting the engagement that Gartner has, the commitments that they have to us.

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So we're hoping to have a timeline where we can say these are the kind of accomplishments we expect to see in March, April, February, whatever, and then laying over kind of a plan to get everything accomplished and get procurements out the door. Those postings are going to summarize the meeting and then post those for everyone to see. You can look at those through the Intranet, they will be on an Intranet page associated with the project. If you would like something more direct, we can certainly do that.

MS. RYAN: The 19 initiatives, are all those being considered as a group, are they being prioritized or broken out in phases.

MS. HEIKKILA: That's what the alternatives analysis is looking at, those 19 initiatives. If you look at the comprehensive final Future State Requirement of Business document -- that's like a 480-some page document; it's riveting reading, I highly recommend it -- it breaks each of those initiatives down into smaller pieces, and the alternatives analysis, the purpose of that is to go through and look at these 19 initiatives and say: which of these initiatives require just a business process

change to implement; what business process change implementation is going to require a technical solution; which of these 19 initiatives are related or have dependencies or perhaps one of these initiatives has to be implemented to allow the successful implementation of another one.

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So that's what that alternatives analysis is looking at, and out of that comes the options of these are potential things that would be outsourced or done inhouse, or looking at cost-effectiveness for the options as well.

MR. VANDERGRIFF: Now, I'm assuming on some of those initiatives there are still potential interactions with other agencies or potential need for legislative approval.

MS. HEIKKILA: Certainly, and that's part of the analysis, identifying where we might need a rule change or what might need legislative intervention and those kinds of activities.

MS. RYAN: And then at the risk of not being consistent, change management and culture processes that need to be looked at, as well as technology will be laid on that timeline.

MS. HEIKKILA: Yes. We're actually engaging Jeanie Weaver on our staff, as well as contractor

resources to do just that, because if we're going to successfully implement process changes, we need to make sure that staff are ready for the changes, that we have the appropriate training mechanisms in place for our internal and external customers.

MR. VANDERGRIFF: At the risk of bleeding over into 4.B, and I'll be very brief here, but I think in this particular instance at the next board meeting I would expect a timeline to address some of the questions that you have there.

MS. RYAN: Okay. Great. Thank you.

MR. VANDERGRIFF: Thank you.

Just briefly a couple of other items, we're on 4.B. Obviously we had a board workshop last week. Every member that's here today participated as well as Director Johnson. Appreciated everybody's involvement in that particular meeting. I think we had a lot of good discussion with respect to the items listed in the agenda. Just to note for the board that obviously that meeting took place just last week, but the staff, along with myself and other members of the board, are working to move the organizational assessment findings, the business process analysis touch points, where those interact/overlap, how the automation works and the timeline for implementation, and that includes, as the

1 vice chair noted, the culture piece to support it and the 2. change management to support it as well. So we'll have all that at the next board meeting and I'm sure there will be 3 4 some discussion prior to that but at least with some information items. 5 6 With that, we're moving to -- I'm sorry, I 7 apologize. Because we did have a speaker who wished to address us with respect to the Azimuth and the Gartner 8 9 surveys, M.L. Carter, if you would like to speak. MS. CARTER: I'm sorry. This is my first time. 10 Do I just stand up and talk? 11 MR. VANDERGRIFF: Please come to a chair and 12 sit in front, and you have three minutes. And I'm sorry I 13 14 blew the pronunciation. 15 MR. RODRIGUEZ: What's this regarding, Mr. 16 Chairman? 17 MR. VANDERGRIFF: This is regarding the 18 organizational assessment and the Gartner business process analysis. 19 20 MS. CARTER: And it will also include the University of Texas 2010 Survey of Employee Engagement. 21 22 MS. RYAN: I'm sorry. Hold on a second. 23 MS. CARTER: Sure. 24 MR. VANDERGRIFF: This is appropriate, it's an

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action item on the agenda.

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MS. RYAN: The University study, Mr. Chair?

MR. VANDERGRIFF: That is a part of items

before the board in the public comment section to do that.

MS. CARTER: The Survey of Employee Engagement talked about processes and it also talked about climate within the agency. In the climate area, fairness rated about 322 on an overall score; they say about 350 is average. There was a 78 percent response rate amongst the employees. That is considered an exceptionally high return, and I would imagine if you had compared it to the UT surveys done previously with the Texas Department of Transportation, which would be the same staff, you would find a much lower rate of return. So you can see right off the bat that the staff is invested in this concept of a new agency.

One of the things they talked about in the -what happened afterwards was that Jeanie Weaver was
appointed to hold focus groups to review the findings.

Ms. Weaver made 494 suggestions resulting from those focus
groups. This is an incredibly high amount of staff
interacting in this area with their supervisors.

The report is fascinating, I recommend that you read it. One of the things that it talked about was the fairness, a lack of trust between supervision and general employees. She even mentions in it that of the two

manager-supervisor focus groups that she ran, only one disagreed that managers were not being evenhanded, being fair.

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I'm sorry, I'm a little bit nervous, just bear with me.

MR. VANDERGRIFF: You only have about a minute and a half left, so I want to make sure you get to the organizational assessment part.

MS. CARTER: Yes, right now.

MR. VANDERGRIFF: Okay.

MS. CARTER: The organizational assessment had 58 percent response rate, and although I don't have the particulars at the moment, in one section of it they talked about that the response rate was so low that they initiated their own focus groups which they then reported on.

They talk about Texas Department of

Transportation having a weak culture, being traditional,
slow-moving, not really defined. But both of these
surveys put out detailed data reports of the structure of
the surveys and -- where am I going with this? -- those
bear looking at, those you can get a lot of information
from. The UT survey cost about \$2,169 to conduct; the
Azimuth/Gartner Group survey cost \$475,000 to conduct, a
200 percent increase, therefore, you want to pay attention

1 to their survey. They don't pull any punches, but they also talk about the organization's strengths. We have 2. strong leadership in place. We know this because if you 3 4 look at the data breakdowns of individual responses and departmental responses, you can see that some employees 5 6 are very satisfied with the supervision and direction and 7 focus they are given and some are not. It's not all 8 muddled together, it's pretty clearly divided. 9 MR. VANDERGRIFF: I'm going to ask you to --MS. CARTER: Wrap it up? 10 11 MR. VANDERGRIFF: Yes, please. MS. CARTER: You know what, I think that's good 12 I intend to be back next month and have 13 enough for now. 14 it a little bit more -- practice it before a mirror before 15 I give my talk. Thank you. MR. INGRAM: Ms. Carter, can I ask one 16 17 question? 18 MS. CARTER: Certainly.

MR. INGRAM: When you come back next month would you try to simplify your point?

MS. CARTER: You bet, I will.

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MR. INGRAM: Okay. Thank you.

MR. WALKER: Summarize your point because I'm not sure why you're here today, what you told me, because you just basically talked about the reports that we've

1 already reviewed and we've gone over. To me it didn't clarify anything that I don't already know. 2. MS. CARTER: Okay. I'm unsure of myself 3 4 because I don't know yet what is appropriate. MS. RYAN: Mr. Chairman, this is a comment 5 6 period. 7 MR. VANDERGRIFF: I understand that, but the 8 director asked a question and she's responding to the 9 question. MS. CARTER: Yes. So I don't want to term why 10 I'm really here in a way that is not compatible with the 11 work before the board. I plan to come back next month and 12 ask what is being done in response to these points that 13 14 I'm bringing up now. 15 MS. RYAN: Can I suggest that maybe that's an internal or agency question? 16 17 MR. VANDERGRIFF: Yes, you may. 18 MS. RYAN: I would suggest that you take that up with the executive director and get the answer from 19 20 them because really the answer on what's getting done with those assessments should come from them, certainly prior 21 22 to, if not all, before it comes to the board, because the 23 answer can come from the agency. 24 MS. CARTER: This does not feed into

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division --

1 MR. VANDERGRIFF: Excuse me. The point of the public comment section is to make comments on items either 2 on our agenda or that are before the agency, that are part 3 4 of the agency business. You're short of doing that but yet it's bleeding over into really a personnel discussion 5 6 and operating issues that are best kept with the staff 7 because we are on a policy level, not on a day-to-day operational level. So I think what we probably need to do 8 is have you visit with the staff that works with you to 9 really better define how to get your comments in. 10 I will do that. Because you know, 11 MS. CARTER: if Azimuth included the climate in the survey requested by 12 the board, then on some level it must be relevant to the 13

MR. VANDERGRIFF: I understand, I agree.

MS. CARTER: Thank you.

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board's work.

MR. VANDERGRIFF: Thank you.

With that, we're on to item 4.C, which is advisory committee updates. Mr. Walker with the Oversize/Overweight Advisory Committee report.

MR. WALKER: I think you do that just to give Chief Rodriguez an opportunity to take a slap at me.

MR. VANDERGRIFF: I read it off the agenda. It says, "Oversize/Overweight Advisory Committee Report - Johnny Walker."

(General laughter.)

MR. WALKER: Well, I guess I can report to the board that the transition has taken place. Last week we had an open house over there, we got to meet everybody. It's a very, very impressive operation. We inherited a bunch of tremendous employees I think that are going to be a great fit for the DMV, and look forward to going forward with this deal.

MR. VANDERGRIFF: I concur in that, Mr. Walker. It was a great tour of the facility. We spent about three hours over there going through the TxPROS system and meeting all of the folks there.

I notice that Carol Davis is here, I see her in the audience. We're going to have a relatively short board meeting today. If Ms. Davis is agreeable and if any of you would like to that did not get the opportunity to take that tour, I would encourage you to take an hour and look at TxPROS and meet some of the people. And if not, hopefully you can get with her to schedule a tour at a later date so that you can see it.

MR. WALKER: Bring your dog. We've got a tremendous greenbelt over there.

(General laughter.)

MR. VANDERGRIFF: But it's well worth the time.

I think you can see a very good database and a very good

result off of that database in meeting the needs of the customers they serve. And I know we're going to hit it in just a second on licensing, but they actually have turned the permitting process on its head and that 98 percent or so that you can just basically print it and go, really don't need a lot of supervision, versus the Oversize/Overweight portion of the business which does need a little more supervision to make sure it's done right. But anyway, we appreciate it very much.

Anything further, Mr. Walker?

MR. WALKER: No.

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MR. VANDERGRIFF: All right. Then I'll turn to the next advisory committee, the Motor Vehicle License Processing with Mr. Ingram, and also Mr. Harbeson is here as well.

MR. INGRAM: We held the first meeting yesterday on the advisory committee. It was a very productive meeting. Our staff did a fabulous job putting together the rules and statutes that were involved in a very quick turnaround, a little more than a week which is an amazing time frame, really, to go through all of that. It was a very productive meeting, I think. We got through all the relevant statutes that apply to licensing. We also got through the entire subchapter that relates to GDNs.

Raymond and Laura are also on the committee, and Bill Harbeson and Brett Bray were there and were enormously helpful, and I think we made great progress in trying to streamline the application and simplifying the rules. It altogether was a very successful meeting, I

think.

We'll be meeting again next week where we'll try to summarize what we did yesterday, pick up any pieces that we left off which I think is very small, and try, if we can, to wrap it up very quickly. So overall, it went really well.

Bill, if you'd like to add anything.

MR. HARBESON: I think you got it all. Very productive meeting. The board member involvement was great, we had a lot of audience participation and got a lot further than I thought we would yesterday, so moved a long way toward simplifying the process for our licensees.

MS. RYAN: While we're on that, if I can add a compliment. I received a call from a dealer that said their process went smoothly and they appreciated the efforts the division went to get things done regarding applications. So I'll pass those kudos on to you and your team.

MR. HARBESON: And I'll pass those on to the staff.

1	MS. RYAN: Great.
2	MR. INGRAM: And then also, just to throw out
3	some stats, if you don't mind if I could throw some stats
4	out, is that I don't know what percent reduction that is,
5	but for 30 days we reduced the number of pending
6	applications by a thousand. So that's great work, Bill.
7	MR. HARBESON: That's staff.
8	MR. INGRAM: Please pass that on to staff.
9	MR. HARBESON: I will.
10	MR. WALKER: How many applicants are still out
11	there?
12	MR. INGRAM: Pending?
13	MR. WALKER: Yes.
14	MR. INGRAM: I believe just a little over a
15	thousand, perhaps.
16	MR. WALKER: So 50 percent of them we knocked
17	out.
18	MR. VANDERGRIFF: That's great work for the
19	entire staff. If you get a chance, they're in this
20	building, so if some of the board members get a chance to
21	go up and shake their hands and appreciate the hard work
22	they've done, that would be, I think, very much
23	appreciated and well deserved.
24	Anything further, Mr. Ingram?
25	MR. INGRAM: No, sir.

MR. VANDERGRIFF: Again, thank you also for your hard work on this.

With that, we're on item 4.D, which is approval of a general issue license plate. Mr. Elliston.

MR. ELLISTON: Good morning, Mr. Chairman and members. My name is Randy Elliston. I'm the director of the Vehicle Titles and Registration Division.

Before you today is request for approval of a new general license plate design for Texas license plates. Currently the license plate design that we have, the original design was approved by the TxDOT Commission in February of 2008 which is this license plate right here. It was actually issued and put on the street in 2009 after they depleted the stock.

Almost immediately after this plate hit the streets, they received complaints from law enforcement and other entities about the legibility problems of this license plate due to the dark blue sky up here. In certain lights it washed out the numbers and was problematic for being able to read the plate pattern. In October of 2010 a new version of that license plate, this one right here, was issued which lightened up the blue sky which made it more legible and easier to read, however, what now the concerns and still have some problems in that "Texas" here, particularly in certain lights, washes out

with headlights and in certain light features.

So over the last about six months we've been working on development of new license plate specifications and standards for Texas license plates, and one of the new standards that we've been working on is that a graphic may not encroach upon the alphanumeric pattern, this pattern right here on the license plate. As we began to review the plates that we currently have and the ones that would be affected by that rule, we realized that our own general issue license plate does exactly the same thing: you have the encroachment of the graphic that actually goes down into the plate pattern.

We've made several efforts to try to raise this blue up and soften it up and every time we did that, it actually exacerbated the problem with "Texas" since "Texas" is white on the plate. So we then embarked on an effort to redesign the Texas general issue license plate. The new plate -- I'll have Gary pass that up there -- is this one right here. It's also up on the board over here to the right. This plate is a relatively clean license plate, it has the white sheeting background with black lettering on it.

The other thing that we wanted to do with this license plate is to add some additional security features into it. It still has the 3M Ensure seal which is two

seals that appear down the center of the license plate.

If you don't see that very well on that license plate, if you'll turn it upside down. When they ran it at the prison, they ran it upside down, so if you turn it upside down you can actually see it a little better. But the main thing that we did for security purposes is that we added the 3M Ensure virtual security threads, two lines that run down each side of this license plate.

2.

Obviously you see that we put the star up on the top and the legend still says "The Lone Star State."

Well, obviously that's The Lone Star State, but we used this dimensional star as a clue for law enforcement that if you see this license plate, you should also see these security threads running down through it. The security threads are actually visible when you drive up behind the license plate, you can see it as it's on the road. The Ensure seal is not as easy to detect, you have to actually kind of get out and get at a certain angle to be able to see it. So for law enforcement purposes, this is important to us.

We also changed one thing on this license plate. In the alphanumeric pattern for some reason they have been reduced in size by one-sixteenth of an inch wide, probably because when they went to seven characters they thought we'd try to narrow that down. I believe in

doing that it kind of made these things actually harder to read. When we went to a flat plate instead of an embossed plate, everything got a little more difficult to read because it's not dimensional. We have actually increased the size of these lettering on the plate pattern to a full one inch wide and it's a little over two and a half inches tall.

2.

We have run this license plate by law enforcement. They are really very excited about it, like the license plate, said it did a lot of good things which provided ease of witness identification for the plate, video camera videoing of it, toll road cameras will be able to see it very well, border security cameras, those types of things. This license plate will be very reflective because of all the white sheeting that you see, it will also be very legible as people try to read it.

So it's before you today asking that you would approve this for issuance for general issue for Texas license plates. We currently have about six months of stock of the old license plate sitting in Huntsville, so it will take about a six-month period before this license plate would actually hit the streets. So with that, I request your consideration for approval and I'll answer any questions you might have about it.

MR. VANDERGRIFF: Any questions?

MR. RODRIGUEZ: I just want to say, Mr.

Chairman, that this is a huge improvement on the standard issue plate, from my perspective. It's not pretty, doesn't flowery and all that kind of stuff, but it serves the purpose it's supposed to, and that is to identify the owner of a vehicle and that has many applications or many complications, either which way you go. So as far as I'm concerned, on the standard issue plate this is a huge improvement over what we have now.

I was going to ask about the transitional period if we went that way, and you say you've got about six months. I just don't know what the cost would be to simply go into this as soon as possible. If we know that there's a reason already as to why this is better, then I think it behooves us to look at the cost implication of going to it as soon as possible, provided the board approves it. I'm just offering my comments on that, Mr. Chairman.

MR. ELLISTON: I'd make one other comment. One is I can get you that cost figure, it's going to be relatively expensive. The other thing that I would say that I forgot to mention is, though, we also --

MR. RODRIGUEZ: You said relatively expensive?

MR. ELLISTON: Expensive, yes, sir.

MR. VANDERGRIFF: I remember that it was a

matter of course, I cannot remember exactly the time frame, but it was like a \$35 million number that we wrote a check.

MR. INGRAM: Is that per year?

2.

MR. ELLISTON: Yes, that's per year. The sheeting alone that we still had in place when we first started this project was over \$600,000 just in the sheeting cost, that wasn't the metal and production and all that. So I can get that cost for you, but it's going to be a fairly large number.

MR. RODRIGUEZ: The latter is wishful thinking or wishful wishes on my part, but obviously it's a consideration if it's that expensive, if you're looking at \$35 million a year, a half a year that's about 17-1/2, it's not something we want to necessarily just can, and I wouldn't suggest we do that at that rate.

But in my view this is quite an improvement over the previous general issue plate. Finally we've agreed that the letters have been getting smaller and that we were losing sight of that in the process, so I'm really glad to have arrived at those determinations and this product today.

MR. ELLISTON: One other thing that I failed to mention to you is that the current plate pattern that we have on our license plates is one similar to this which is

BB1-B001, and what I've asked them to do is go back and simplify that, let's put alphas on one side and numeric on the other. We're at seven characters, we've got years and years and years of plate patterns available to us, and for law enforcement purposes and witness identification purposes of a license plate, it's a lot easier for the human brain to separate that alpha-alpha-alpha, numeric-numeric-numeric, or vice versa, numeric-numeric-numeric, alpha-alpha-alpha, as long as you split with the silhouette that helps tremendously. So that's something we will also do in the incorporation of this plate we will go to a more simplified alphanumeric character on the license plate.

2.

MR. RODRIGUEZ: Do you need board authority to spell that out, or is that something we leave to the department? Because that is also a problem, as you know, when we moved to mixing the letters and numbers.

MR. ELLISTON: That is something that we have just recently incorporated into our standard or specifications for the license plate that on the general issue that it must be split, alpha-alpha-alpha, numeric-numeric-numeric. That's something we do administratively in house, I don't think that takes board action.

MR. RODRIGUEZ: I mean, that's a policy issue that I think is significant. I mean, it has significant

implications. I'm just asking. I'm not asking you to get it to us where we decide it for you, but I just thought that I'd ask the question, because just that action alone has implications, how you lay out your alpha and your numeric on there.

2.

MR. ELLISTON: And that's why I asked them to do that, and that is currently our new specification for that, that it be split that way. So unless somebody takes affirmative action to change it, that's the way it will be in the future. And I believe by the time we run out of these numbers, will we even be driving cars, I don't know. We'll see at that point.

But this is a very good license plate. The security features are significant and the cost is a wash for us, there's no additional cost to do this license plate for us. But we don't have a lot of cloning or illegal manufacture of license plates because they're too easy to steal typically, but we have seen a few recently, and so this will help law enforcement to know this virtual security thread is burned into this sheeting using a laser, in the glass beads it's in the sheeting, so it's not something that's easily duplicated at all.

It's a very high quality, high security, high visibility, legibility, reflectivity, whatever you want to call it, this is a very good license plate for those

purposes. I agree, it's not the prettiest plate we've ever made but you can buy those.

2.

MR. WALKER: A couple of questions. There's a bar code in the corner. What is that for?

MR. ELLISTON: The bar code is strictly production information that 3M uses in the sheeting. We don't use that for anything. We could if we needed to, but there's no application for us today to use that bar code.

MR. WALKER: Second question is all this security that we're putting in this plate, are we doing the same thing in the MyPlates plates?

MR. ELLISTON: Yes. All the new white sheeting that we buy which is what MyPlates plates start with today, will have he security threads already burned into it, as it will have the Ensure seal. And that was the reason for me selecting having two virtual security threads running through this plate instead of one because if in the future we continue to allow a lot of color on that plate, I want to make sure at some point we might have a transition of that security thread that wasn't painted over that would still be good and visible to the public.

MR. WALKER: And why wouldn't there be a cost savings with going to this plate versus the color plate

1 because color inks cost a whole lot more than black and white? 2. MR. ELLISTON: Because there is a cost to 3 4 adding the security features to the plate. MR. WALKER: So the security washed out the 5 6 colored ink cost. 7 MS. RYAN: I have a question. With regard to 8 the MyPlates piece, the multidimensional star is on the 9 side that most of the designs are. Is it possible that that star would go over here and then that could even be 10 consistent, along with the threads, even in a design 11 plate? 12 13 MR. ELLISTON: In a design plate the star would not be present unless it was added on to the design. 14 That's my point. But if it was over 15 MS. RYAN: here, this quarter is where most of the designs are, but 16 17 if that star was consistent, whether it was a standard 18 plate or a MyPlates plate, that might be another identifier easily. With these over here, it comes and 19 20 goes. I mean, it's a thought. MR. ELLISTON: We could do that. 21 22 MR. VANDERGRIFF: It would get that plate crowded. 23 24 MS. RYAN: If you moved it over here? 25 thought. I wouldn't expect an answer today.

1 MR. ELLISTON: Some of it is dependent upon how we move forward on our standards and specifications for 2 specialty license plates in the future, because when you 3 4 start dealing with the color of what that dimensional looks like, it could be a little different also. I'm not 5 6 objectionable to look at that. I just want the star on 7 there because it's a clue that that plate should have the security features. 8 9 MS. RYAN: I'd leave it black and white just on the other side, regardless of what the design of the plate 10 is, they'd have to work around it. But again, it's just a 11 thought. 12

MR. INGRAM: Even our most popular plate which is just the black, it would not work on that.

MS. RYAN: I'm just thinking out loud.

MR. BRAY: Can I ask do you have six months worth of plates or six months worth of materials?

MR. ELLISTON: Six months worth of plates have been produced and sitting on pallets.

MR. BRAY: Can you re-sheet a plate?

MR. ELLISTON: No.

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MR. INGRAM: I have a question. You've got some time to work on this, but as you yourself pointed out, it isn't a very pretty plate. I totally get why we're doing it and I think it's a good reason, but have we

thought about how we want to handle the spin on this plate, because you're going to get a little bit of pushback if a plate is ugly.

MS. RYAN: I like it.

MR. ELLISTON: Well, I've done a very unscientific study. I've carried this thing around with me for a while and everybody I run into I say: What do you think about this? And with the exception of one person, everybody I showed this plate to, they look at it for a second and they say: You know, I like that; it is plain but it looks good, I like it.

MS. RYAN: I'd call it tasteful.

MR. INGRAM: Tasteful, right.

I think we might, as a department, think about trying to put a little bit of PR in place as to why this is necessary.

MR. ELLISTON: I think the things that I've articulated here today are things that we will -- when this plate gets ready to hit the street, we will do a media exposure to the plate and we'll say look at all the great things that are in this plate, the security features and things like that. We'll do that before it hits the streets.

MR. INGRAM: That's all I was wanting to know.

MR. ELLISTON: You bet.

1 MR. RODRIGUEZ: I've got a suggestion that maybe makes it prettier and maybe addresses the star 2 problem and all that kind of stuff. Why don't you put two 3 4 stars, one on each side, and provided that in the future we agree on what the specialty plates are going to look 5 6 like, you could lose one star on the left side because we're giving up that for specialty plates, then so be it, 7 at least you don't lose both stars. Two stars make it 8 prettier and all that kind of stuff. 9 MR. INGRAM: We'd be The Two Star State. 10 MR. RODRIGUEZ: It's in conflict with The Lone 11 Star State, but I mean, I don't know. 12

MR. ELLISTON: I would entertain a motion. Does anybody want to vote on that?

MR. PALACIOS: We can't be The Two Star State.

MR. ELLISTON: I'd be more than happy to put two stars, but the design of the license plate, adding that star over there, the reason I put one is because it's The Lone Star State.

MR. RODRIGUEZ: I agree.

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MR. ELLISTON: However, we can be The Dual Star State and we'll put two of them.

MR. RODRIGUEZ: Let me suggest this for the board for future consideration. In the event we go to a specialty plate that surrenders the left quarter of that

1	license plate for design or otherwise, then when it
2	happens then we contemplate at that point in time for
3	those plates requiring a star on the right-hand side.
4	MR. ELLISTON: We could write in a
5	specification the star is required either right or left,
6	depending on the design of the license plate.
7	MR. RODRIGUEZ: Well, it's about standards, so
8	if we're going to look at specialty plates and we're going
9	to look at these, then specialty plates, make them all
10	standard, star on the right-hand side, standard plates
11	star on the left-hand side.
12	MR. INGRAM: Mr. Chairman, I'd like to make a
13	motion to approve the general issue license plate.
14	MR. VANDERGRIFF: We have a motion. Do we have
15	a second?
16	MR. PALACIOS: Second.
17	MR. VANDERGRIFF: Second from Board Member
18	Palacios. Any more questions?
19	MR. WALKER: I have one question.
20	MR. VANDERGRIFF: Sure, please.
21	MR. WALKER: We approved, at not the last board
22	meeting but I think maybe the one before that, a standard
23	for our license plate, did we not?
24	MR. ELLISTON: No, not that I recall.
25	MR. WALKER: Yes, we did, because we talked

about no license plate, there are certain specs that they 1 can't take and obstruct the letters and so forth. 2. MR. RODRIGUEZ: We had a discussion about that 3 4 with MyPlates. MR. WALKER: And that the Texas had to be a 5 certain size and the Texas had to be in that certain 6 7 location. MR. RODRIGUEZ: We had a discussion about that. 8 MR. WALKER: But we didn't have a motion to 9 that effect? 10 MR. RODRIGUEZ: It was just a discussion. 11 Remember we had all the license plates up here. 12 13 MR. VANDERGRIFF: But we're getting to that. 14 MR. WALKER: I thought we had. I just wanted to make sure that there wasn't a conflict between what 15 we'd already approved and what we're trying to. 16 17 MR. RODRIGUEZ: Well, actually this is one step 18 in that direction, I think, that will get us there, hopefully. 19 20 MR. ELLISTON: And the silhouette that goes in the middle here is actually a statutory requirement. 21 22 Under the statute it has to be a minimum of a half inch by a half inch in size; there's no maximum set in the 23 24 statute. In our standard we say a half inch by a half

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inch, no more than a one inch by one inch.

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MR. WALKER: So does the State of Texas statute say that the state emblem has to be in the center of that license plate?

 $$\operatorname{MR}.$$  ELLISTON: Yes, and it has to separate the pattern.

MR. WALKER: So where is it on that Longhorn plate?

MR. ELLISTON: The specialty license plates are exempted from that statute, it's only for general issue.

MR. WALKER: So all of what we're doing today is totally exempted if it's a specialty plate? Because I think Chief Rodriguez would like to see a standard on the plate.

MR. RODRIGUEZ: That's the next item.

MR. ELLISTON: What we're doing today is strictly dealing with the general issue license plate, however, the security features, type sheeting, the size of the plate, all those types of things, are the same for a specialty plate. However, today what that specialty plate looks like is not regulated by statute, it is not required to have the silhouette and those types of things. That's something, though, that we are working very diligently on right now. This is a first step primarily because if I'm going to ask my vendor not to do these types of things, I shouldn't be doing them, so I want to clean this plate up

1	so that we would have a very good example of what a really
2	good license plate looks like. So this is for general
3	issue.
4	MR. RODRIGUEZ: Just for clarity, when you said
5	a specialty plate is not, in your view right now, is not
6	under the same statutory requirements.
7	MR. ELLISTON: That's correct. There's
8	separate things in the law that regulate specialty license
9	plates.
10	MR. RODRIGUEZ: However, we as a board can
11	dictate how that specialty plate is produced.
12	MR. ELLISTON: I believe that's correct, yes,
13	sir.
14	MR. RODRIGUEZ: Okay. So it's coming to us in
15	that thing.
16	MR. VANDERGRIFF: That's correct. It's a
17	separate item from this.
18	MR. ELLISTON: It is a separate item.
19	MR. VANDERGRIFF: This deals just with the
20	general issue plates. And we have a motion and a second.
21	MR. RODRIGUEZ: For that tag, Mr. Chairman, as
22	it is?
23	MR. VANDERGRIFF: Yes, as it is. Now, if you
24	want to amend that motion.
25	MR. RODRIGUEZ: No. I'm happy with that. I

1 appreciate that work, I really do. MR. VANDERGRIFF: I think he's going to take 2. under advisement at least the idea of moving the star or a 3 4 dual star. Otherwise, the alphanumerical issue, that's an issue that he can do administratively. 5 6 MR. ELLISTON: That's policy. MR. RODRIGUEZ: So are we approving that or are 7 8 we giving him room to decide? Because I heard you say he's going to contemplate moving the star or putting two 9 stars on it. 10 MR. VANDERGRIFF: The motion on the floor at 11 the moment is approving that plate. 12 MR. RODRIGUEZ: And I agree with that, I think 13 14 that should be it. MR. WALKER: Call for a vote. 15 MR. VANDERGRIFF: I was going to ask if there 16 17 are any further questions. So please raise your right 18 hand in support of the motion. (A show of hands.) 19 20 MR. VANDERGRIFF: Motion carries unanimously. 21 Thank you. Great work. 22 The board, I'm sure, is aware but if you're

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several months, really the better part of the last half of

the year, to come up with something of great quality, and

not, Mr. Elliston and his staff have worked on this for

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this is where the protecting the public part of our mission, I think, comes into play, so it's very good.

2.

With that, we are on agenda item 4.E.

MR. ELLISTON: Mr. Chairman, with that, I have passed out some information to the board members regarding the plate specifications; however, there's been a couple of questions about that, and I would ask today if we could pass on this item and take it up at a future meeting.

MR. VANDERGRIFF: Okay, that's fine.

MR. ELLISTON: Allow us to do a little more work on it.

MR. VANDERGRIFF: All right. That's great.

Appreciate you getting that out to the board, and this will obviously be subject to discussion on the specialty plates. And I guess the last thing I would say to make sure the board is aware, if I remember correctly, this has been discussed with the MyPlates.

MR. ELLISTON: Yes. The document you have in front of you has been discussed and presented to the MyPlates group, and they are in agreement with what you have in front of you but we still have a little bit of work to do on it.

MR. RODRIGUEZ: Mr. Chairman, if you don't mind, with regard to 4.E, I would like your approval to, between now and the next time we discuss this, whenever

that happens, that I be allowed an opportunity to sit with staff and go over this. I want to understand all the things we said in the previous item and make sure that we are bringing something forward consistent with what we said earlier today.

2.

MR. VANDERGRIFF: I think that's great, and I was going to suggest that, you just beat me to the punch. So that's good.

MR. RODRIGUEZ: I'll work with them.

MR. VANDERGRIFF: All right. With that, we're on 5.A of the agenda, and I really have no further reports. We obviously spent a lot of time last week on many of these items, and since the year is just starting and people are just getting back into the swing of things, some of the folks in the legislature, the Governor's Office, et cetera have not had any new requirements from us. So there's really nothing to report to the board under 5.A.

And with that, I will turn to our executive director under 5.B.

MS. FLORES: For the record, my name is Linda Flores. I'm the interim executive director for the agency.

And in your material for your consideration and for opening dialogue is the agency's draft outline for our

strategic plan for 2014-15. What the strategic plan includes are the agency's goals, objectives and strategies that we would be requesting appropriations for. What it also represents is an incorporation of what the board approved back in October with regards to their goals, objectives and strategies. While they're not a one-for-one, they do incorporate the overlying board directive to the agency to be performance-driven, innovative, economically-driven and to be customer-centric.

2.

We took some of those objectives and incorporated them into focus on: economic development, provide quality customer service, protect the public, and then our indirect administration. So this is just our first presentation to the board, and I expect more discussion to follow.

This is something that we will be presenting to the Legislative Budget Board around the March-April time frame. Of course, this will be contingent upon their approval. We won't have that approval until the summer. But again, this is our opening dialogue to get your input and feedback on the work that we're putting together, and I'm available for any questions.

MR. RODRIGUEZ: Not necessarily part of the strategic plan or otherwise, Linda, and could have been addressed in the previous item, but Mr. Chairman, I'm just

wondering about our audit plan, now that we have an auditor on board, whether or not at some point in time we can also have an audit plan proposal brought to the board.

2.

MR. VANDERGRIFF: Absolutely. We've put that on the agenda for next month. I think Bill is in the back of the room, as well. Will you be on the agenda for next month?

MS. FLORES: For your risk plan.

MR. RODRIGUEZ: And I don't know that he would be ready, I'm just saying now that we have an auditor hired for at least 60 days or so, one of the requisites for us is to have an audit plan in place and that usually is a board-approved audit.

MR. VANDERGRIFF: That's correct.

When do you think you'll be in a position to be ready to present to us on that, a plan, not the audit? Go ahead and come on up and identify yourself.

MR. LAWLER: For the record, I'm Bill Lawler, the director of Internal Audit for the Texas Department of Motor Vehicles.

Right now I'm currently trying to prepare my last offer and get my last staff member on board. My intent was to complete our risk assessment and look at having something in the late spring to early summer for our truncated fiscal year '12 plan and then a full fiscal

year '13 plan. But we will be going into intense risk assessment of the remaining parts of the agency. I have looked at a couple divisions and will be completing that, but my intent is to bring before you at that time frame a formal proposal for an audit plan.

MR. RODRIGUEZ: Your risk assessment is designed to identify the suggested audit areas?

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MR. LAWLER: Yes, sir. Basically, the methodology in that is that we sit down as an audit group, we also would solicit information from the board members as well as senior management and others in the agency as to potential areas of risk in their sections, and from that we develop, basically, an audit population, all the areas in the agency, including the operations, the information systems, the other environmental issues that are on the horizon that present potential risks to agency operations, and from that we will score those as to the likelihood of the occurrence as well as the potential impact that they could have, and from that we'll focus our audit resources on the highest scoring areas.

MR. RODRIGUEZ: Just so at least I understand it correctly, we're going to do a risk assessment.

MR. LAWLER: Yes, sir.

MR. RODRIGUEZ: And through that process identify areas that you would suggest should be part of

1 either an annual or biannual audit. MR. LAWLER: Yes, sir. 2 MR. RODRIGUEZ: We'll work with you on that to 3 4 agree on that and then have a final audit plan from which 5 you will be working. 6 MR. LAWLER: It's required in the Texas 7 Internal Audit Act that I bring before you a plan for your 8 approval. MR. RODRIGUEZ: And I'm just kind of offering 9 this for clarity. I don't think we ought to be waiting 10 11 too long. MR. LAWLER: As soon as I get boots on the 12 ground. I've been working on the hiring process and 13 addressing certain areas that had board concerns. 14 15 MR. RODRIGUEZ: There's a boot shop around the corner, I just saw it. 16 17 (General laughter.) MR. INGRAM: I should say, Mr. Rodriguez, we 18 have tasked Mr. Lawler to work on a higher priority issue 19 20 first and set him back a few months. MR. RODRIGUEZ: And I know there's an audit 21 committee and I'm not really sure where it is right now, 22 23 and I don't mean to intercede in that, just as part of our 24 annual plan, one of the things that I wanted to mention 25 that we pick up on is to also include an audit plan in the

process. I know you are working.

2.

MR. LAWLER: I assure you, Chief Rodriguez, that the top of mind issue for me is getting that before you. I'm setting up shop but we're going to hit the ground running, and I assure you will be getting something to look at in short fashion. I just did want to take sufficient time to make sure that not only I will be learning the full operation but those individuals that I bring on with me will be all learning it together, but the whole objective is to get people who can do it in short order.

MR. RODRIGUEZ: Appreciate your information today.

MR. LAWLER: Thank you, sir.

MR. WALKER: I have a question for Mr. Ingram here. You said that we have tasked him with a higher priority. What would that mean?

MR. VANDERGRIFF: Mr. Ingram, I think I know what you mean but you can go ahead and address it.

MR. WALKER: Who is we?

MR. VANDERGRIFF: I think the agency in the licensing area asked him to focus some resources at the very beginning, the executive director, when he first came on board. He has very limited resources at the moment, as he said, fitting people for boots to be working.

MR. RODRIGUEZ: At the end of the day he described the process, and I agree with that, that's the process that they need to subscribe to, and then ultimately bring, either to the committee or to the board at large, a suggested plan of audit for the next year, the next partial year or the next biennium, whatever that is, and thereafter on a biennial basis. But at the end it's something that the board has to adopt and approve and oversee, given that the auditor is one of those positions that works for the board directly.

MR. VANDERGRIFF: That's correct. And he will do that and it will be something the full board sees, as well.

We do have to reconstitute our finance committee. Our chairman, Mr. Butler, has left us and I'll be talking with you shortly about reconstituting that, at least the chair position.

MS. FLORES: Moving on, included in your packet is the FY 2012 financial information for the month ending November 30. I do have a corrected page and that's been provided to you. Before I get to the corrected page, our revenues for the month of November were \$105.4 million: \$100.7 million was generated by Fund 6 and \$4.7 million by Fund 1. Expenditures for the agency for the month are \$13 million. Within that \$13 million is approximately \$4-1/2

million for county equipment and that was appropriated in '11 but the actual expenditures hit in '12. We encumbered those dollars at the end of the fiscal year.

2.

With regards to the corrected page, on page 5, basically, in order to keep this simple there were some numbers within certain line items, travel in-state, out-of-state, rent building, rent machine and others, they were picking up the wrong cells so there were formula errors, but the bottom lines from each month are correct. So that was the correction on page 5.

And I'm available to answer any questions with regard to the agency's financial activity.

MR. VANDERGRIFF: Any questions?

MS. RYAN: With regard to the county equipment, it's not necessarily a financial question, but a lot of money, the project is going well, we had some bumps, and I just hadn't heard anything which I assumed was good.

MS. FLORES: We have gotten into our groove as far as what the vendor is expected to do and how he's expected to do it and working with our county partners in their busy times and when they would like to see, because sometimes we have to actually take down that site, close the office in order to let the vendor do their job. And we're picking up steam, based on some of those early bumps, but we do expect to meet our timeline, our deadline

of April, so we're on track. We've done approximately -how many sites? If somebody can address that, Gary
Gordier.

MR. GORDIER: Yes. Gary Gordier, chief information officer.

2.

That was going to be part of the technology update but it is very timely. Currently we have deployed a total of 409 work stations at 98 sites during this last reporting period, and we installed 191 work stations during this last month at 41 sites which exceeded our projection of 177 work stations, so we're picking the pace up. During the next two-week period alone, deployments are planned for 258 work stations in 60 locations, so you can see we're really ramping it up. We are going to have a blackout week at the end of this month because of the property tax collection period which will kind of dampen the production for the month as a whole.

Things are going very well on the whole. We've had a few bumps along in individual sites. The counties have been very, very positive, the feedback on the way the thing has gone in spite of some of our difficulties.

MS. FLORES: And can you just, for Board Member Ryan's information, identify how many sites total we're expected to deploy?

MR. GORDIER: 206,153 work stations, not sites.

1 There's about 497 sites. MS. RYAN: That's good news. Thank you. 2. MR. VANDERGRIFF: And you're keeping track of 3 4 some of those so-called bumps, the lessons to be learned from those. 5 6 MR. GORDIER: Oh, yes, because we learn from 7 those on a weekly basis when they happen. MR. VANDERGRIFF: So avoid them in the future 8 but also stored in a file somewhere that when future 9 generations of DMV are forced to do deployments, we'll 10 remember these things. 11 MR. GORDIER: Absolutely. 12 MR. WALKER: Gary, couldn't that number 13 deviate, though, the number of sites due to the fact of 14 the web based update where some of those sites are website 15 based instead of new equipment? 16 17 MR. GORDIER: No. At this deployment, 18 everything is as is. Future state we hope to move toward a web deployment. You may be confusing because our push 19 20 out now of doing the web agent for the contractors to the counties, the RSPS, and that is going very well also which 21

There was one county that got flooded out a few

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is part of the report. I guess I could give that now, if

you want. But that is just receiving overwhelming

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positive response.

days ago and they're going to have to relocate their facilities at this one substation, and in order for them to become operational, because they lost equipment and so forth, they've asked if we could come and deploy early for them the web sub, they've seen it, they love it, and we're going to be doing that next week so they can get back into operation using web sub which allows them to at least do renewals.

2.

MS. FLORES: Moving forward, end of year financial 2011 reports. Included in your packet was a very thin document called the 2011 Annual Report on Non-Financial Data, it was a separate document. This is statutorily required that we provide to our oversight agencies, and it's basically information regarding the space that we occupy, how we performed, how we met our HUB, Historically Underutilized Business, how we performed with regards to our goals, the list of professional and consultant services. It was a separate document and it was included probably in one of your pockets in your notebook in the back. And it also includes a schedule of the amount of recycled, re-manufactured and environmentally sensitive purchases that the agency spent money on.

There's not a lot of change from last year other than for '11 we had a 12-month reporting cycle. And

I'm available to answer any questions. All agencies do
this and submit to oversight entities such as the
Legislative Budget Board, State Auditor's Office,
Governor's Office, et cetera.

MR. VANDERGRIFF: Questions? Do you have
anything further?

MS. FLORES: There's just that last item. On

MS. FLORES: There's just that last item. Our last item is an update on the automated system project, and we have Dawn Heikkila and Gary Gordier to report to the board.

MS. HEIKKILA: Since Gary has done about 50 percent of that he can go ahead.

MR. GORDIER: As I indicated, I've given you most all the information about the equipment replacement. Likewise, earlier we had talked a great deal about the automation project, where we're at, and that particular update. We are working on getting the timeline for the project plan.

One of the elements that was not mentioned that has been completed is the Oversize/Overweight for the BPA process, and that has been completed, reviewed by the director and has been signed off on, so that will be incorporated into the overall plan also.

KEES we've mentioned are Known Enhancements to Existing Systems. That actually is ramping down as a

project per se, but looking at the needs of that is going to be incorporated as part of an ongoing change on a release management process. And there is about a two-week delay we pushed out because we needed more time doing testing on the winter release, so instead of being in January, it's now planned for February 6 for the winter release of the KEES which is predominantly RPS changes. This release is related to legislative items predominantly.

2.

We already have in the pipeline planning for a spring and a summer release of improvements. That goes through a whole process of vetting which ones have priorities, which ones are going to bubble up to the top and which one has got to go in which release level, but it will become an ongoing process so there's continuous improvement across all of our systems, not just our registration and titling system but all of the other areas, whether it involves LACE or IRP, whatever the application areas are, so that we make sure that we are being current and responsive to the needs of our constituents.

Web agent, I've already mentioned that. The plan has been that we will do limited production and we've identified Williamson, Guadalupe, Comal, Hays and Harrison counties. They've already started deployments in there.

They are just in the process of revising that schedule because of the success that we're having and we're finding the deployment is going faster than we had originally anticipated. We're changing some of our planning as to who comes on board when, we've got them into groups, and the one that I mentioned where there was a flooding, that's being pulled out as a one-off, they were not in the plan for deployment, but due to their circumstances we're deploying them ahead of time anyway. Like I said, it is being met with very, very positive response.

2.

We're also working with H.E.B. and R.T.

Lawrence remittance processing machines for using the web serves components that we are using with web agent, so they'll be able to incorporate that, and that's being looked at very well.

In terms of LACE, as you all know, it's been placed on hold, but Gartner is performing some analysis to determine if shopping this particular initiative to the vendor community offers a better return on investment or whether completing the rewrite work in whole or in part would be a process, doing it internally. In fact, even after the board meeting we're going to be doing some more review with Gartner and that team on the LACE application.

In terms of the ILAP update, we continue pulling information. We do have technical writers on

board now that are pulling all of the data together into a comprehensive report in terms of all the as-is architecture and everything that we've got. As they go through that, we find a few things that appear to be missing data that we need to go back and pull together, but that's coming together. We did not complete it by the end of December, largely because of lack of information that we were at at the time, but the writers feel that they are getting good information, they have sufficient data now to be able to pull that report together, so we're aggressively working on doing that.

2.

With that, I'll answer any other questions you may have about technology and what we're doing.

MS. RYAN: A request. Several months ago we had a list of all the projects, and I think Dawn drafted it, and it had what they were, what they tied to, the timeline and what the benefit to the agency was. Is it possible in these updates that we see that also, because, again, it's helpful to see the timeline and it helps us know if it's on, it's a refresher. If we don't get an update on one, we may or may not have a question. The verbal updates are great but I think we retain a lot more and understand the progress if we can see it in that format, and I don't know if that's beneficial to everybody else.

1 MR. INGRAM: It would be very beneficial, and if you could include some sort of progress indicator, 2 whether it's percentages or just something to kind of give 3 4 us a clue where we're at. MR. GORDIER: Okay. We'll plan on doing that. 5 6 MS. RYAN: So if we could make that a regular 7 update at this meeting, that would be extremely helpful, I believe. 8 9 MS. FLORES: We've already incorporated, just for your information, the cost side. If it's a capital 10 project or something that's included in the agency 11 appropriation bill pattern, that's incorporated on page 16 12 of the financial summary, so you'll see that, but as far 13 14 as the detail, we can certainly provide that to the board, as well. 15 MS. RYAN: I think the format is there. If it 16 17 can just be updated on a regular basis, that would be 18 helpful, and that way we don't miss anything. Johnny, you're the project committee chair. 19 20 that okay too? MR. WALKER: I'm in agreement with you. I 21 quess what you're asking for is very similar to what we're 22 23 already getting like on the MyPlates where she's showing 24 us a chart of progress and where we're anticipating to be.

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MS. RYAN: And an explanation because I think

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what happens sometimes too, which is normal progress, the explanation of what that project is changes based on evolution or it ties to something, and that keeps us in the loop so when things come down the path we're able to digest them a lot easier and faster.

MR. GORDIER: Okay. Very good.

MR. VANDERGRIFF: Thank you very much.

Anything further?

2.

(No response.)

MR. VANDERGRIFF: With that, we've come to the end of our agenda leading up to the executive session. We do have an executive session today. The purpose of our executive session is going to be to discuss matters related to the appointment, employment, evaluation, reassignment, and duties of personnel, most specifically the executive search for the new executive director.

We're going to take a short break, I would say till 10:35, and then meet again at 10:35 in the upstairs conference room on the second floor, and we will go into closed session at approximately 10:35 a.m. under the following section of the Texas Government Code which is Section 551.074 to discuss personnel matters specifically related to the search for the executive director.

And with that, we are going to take a break and we'll see the board members in executive session in about

1 13 minutes. I do not anticipate the executive session being a particularly long session. We do not anticipate 2. also having any action items or any other matters before 3 4 the board after executive session, so the basic purpose would be to come back here and adjourn at that point. 5 6 With that, we'll see you in a few minutes upstairs. 7 (Whereupon, at 10:22 a.m., the meeting was recessed, to reconvene this same day, Thursday, January 8 9 12, 2012, following conclusion of the executive session.) MR. VANDERGRIFF: It is 11:32 a.m. on January 10 12, 2012, and the board has ended its closed session of 11 the meeting and is now going back into open session. 12 13 Please let the record reflect that we took no action and 14 recorded no votes during the course of the meeting that we 15 just held. I also want to make sure the record reflects 16 17 that Board Member Rodriguez did not participate in executive session, he left at the conclusion of the open 18 session we had prior to recessing for executive session. 19 20 So with that, we've come to the end of our agenda, and I'd ask any board members if there's anything 21 22 further they wish to address before the board or have addressed. 23

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MR. VANDERGRIFF: Seeing none, I'd be pleased

(No response.)

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1	to entertain a motion to adjourn.
2	MR. WALKER: Motion.
3	MS. RYAN: Second.
4	MR. VANDERGRIFF: Motion from Mr. Walker,
5	second from Vice Chair Ryan. All those in favor, please
6	raise your right hand.
7	(A show of hands.)
8	MR. VANDERGRIFF: The motion carries
9	unanimously of those members present, and again, Director
10	Rodriguez left before the conclusion of the meeting.
11	Thank you very much for coming.
12	(Whereupon, at 11:34 a.m., the meeting was
13	concluded.)

1 2 MEETING OF: TxDMV Board 3 LOCATION: Austin, Texas 4 5 DATE: January 12, 2012 6 I do hereby certify that the foregoing pages, 7 numbers 1 through 68, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording 8 made by electronic recording by Nancy H. King before the 9 Texas Department of Motor Vehicles. 10 11 12 13 14 15 16 01/15/2012 (Transcriber) 17 (Date) 18 19 On the Record Reporting 3307 Northland, Suite 315 20

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